

## Message Text

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TO USMISSION OECD PARIS PRIORITY

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C O N F I D E N T I A L STATE 230395

EXCON

E.O. 11652:YGDS-1

TAGS: ESTC, COCOM

SUBJ: COCOM COMPUTER CONTROL LEVELS: US-GERMAN  
BILATERAL TALKS

FOR TOWNSEND

REF: A) OECD PARIS 24234

B) STATE 182648

C) COCOM DOC REV (71)1565/19

D) COCOM DOC REV (71)1565/23

E) COCOM DOC REV (71)1565/31

F) STATE 184052

1) FOLLOWING ARE ANSWERS TO US DEL REQUEST FOR FURTHER  
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INFORMATION (REF A) FOR US-GERMAN BILATERALS.

2) NEGOTIATING FLEXIBILITY (PARA 2, REF A) US DEL SHOULD USE INFORMATION PROVIDED IN REFS B, C, AND D AND THE FOLLOWING:

3) ON RIGHT OF ACCESS US POSITION UNCHANGED. US CONSIDERS THAT RIGHT OF ACCESS IS JUSTIFIED AS LONG AS WESTERN COMPUTERS (BOTH CPU'S AND PERIPHERALS) AND SOFTWARE CAPABILITIES ARE SUPERIOR TO THOSE AVAILABLE IN REASONABLE QUANTITIES IN EASTERN COUNTRIES. US WOULD AGREE THAT FOR CLEARLY CIVIL END-USERS AND FOR COMPUTERS CLEARLY WITHIN EASTERN CAPABILITIES, RIGHT OF ACCESS COULD BE CONSIDERED DISCRIMINATORY. (THIS AGREES WITH GERMAN POINT RAISED IN REF E.) THAT IS WHY IN US COCOM POSITION ONLY HIGHER PERFORMANCE COMPUTERS HAVE REQUIREMENT OF SIGNED END-USER STATEMENT AND GUARANTEED RIGHT OF ACCESS EVEN THOUGH US LICENSING REQUIRES IT FOR ALL COMPUTERS. HOWEVER, APPARENTLY THE PROBLEM THE GERMAN AUTHORITIES HAVE IS NOT THE RIGHT OF ACCESS BUT HOW IT IS STATED AND WHETHER IT HAS A FORMALLY STATED PERIOD. US VIEWS ITS POSITION NOT AS AN UNLIMITED RIGHT OF ACCESS GOING ON FOREVER INTO THE FUTURE BUT RATHER A RIGHT OF ACCESS OF UNDEFINED PERIOD TO BE TERMINATED WHEN EASTERN CAPABILITIES ARE COMPARABLE TO THE SYSTEM IN QUESTION. US CONSIDERS THAT SETTING A TIME LIMIT, SUCH AS 6 TO 10 YEARS, PORTRAYS A GREATER LEVEL OF DISTRUST SINCE IT APPEARS TO COMMIT BOTH SUPPLIER AND USER TO A FIXED PERIOD OF SURVEILLANCE REGARDLESS OF AVAILABLE EASTERN COUNTRY'S CAPABILITIES. IF SUPPLIER PRESENTS RIGHT OF ACCESS DURING CONTRACT NEGOTIATIONS IN LOW KEY MANNER, US, GERMAN AND OTHER MANUFACTURERS EXPERIENCE HAS INDICATED THAT THERE HAS BEEN NO PROBLEM OR DIFFICULTY.

4) ON POINT THAT IF SYSTEM IS USED FOR SEVERAL YEARS FOR APPROVED USES THEN IT IS RELATIVELY IMPROBABLE THAT COMPUTER WOULD BE DIVERTED US FEELS THAT IF COMPARABLE WESTERN SYSTEMS STILL REQUIRE SAME RIGHT OF ACCESS THEN INSTALLED SYSTEM WOULD BE DIVERTED TO A HIGHER PRIORITY APPLICATION. THAT IS WHY US POSITION HAS BEEN THAT THE STATUS OF THE IL SHOULD GOVERN THE LEVEL OF SAFEGUARDS

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APPLIED TO ALL SYSTEMS. HOWEVER, US WOULD BE WILLING AT ANY TIME IN FUTURE TO CONSIDER REQUESTS TO DOWNGRADE SAFEGUARDS BETWEEN LIST REVIEWS OR ON A GIVEN SYSTEM WHEN IT CAN BE SHOWN THAT THE RISK OF DIVERSION IS SUFFICIENTLY SMALL AS NOT TO REQUIRE SUCH SAFEGUARDS.

5) ON LENGTH AND FREQUENCY OF VISITATION, US DEL MAY INDICATE THAT THE US IS RECONSIDERING WHETHER MONTHLY

VISITS ARE NECESSARY FOR 3330'S ON SMALLER SYSTEMS  
E.G., FOR PDR'S BELOW 13. US DEL MAY ALSO INDICATE  
THAT FOR LARGER SYSTEMS I.E., 3330'S ON COMPUTERS WITH  
PDR OF 13 TO 32, US IS READY TO ACCEPT VISITATION OF 2  
YEARS MONTHLY FOLLOWED BY 4 YEARS QUARTERLY BUT WILL NOT  
DROP THE MONTHLY REQUIREMENT. US STILL FEELS THAT 3330'S  
(72-100M BYTE DISCS) ARE SO FAR AHEAD OF EASTERN  
CAPABILITIES THAT THEY WARRANT SAFEGUARDS. HOWEVER,  
ON SMALLER SYSTEMS IT MAY BE THAT QUARTERLY VISITS ARE A  
SUFFICIENT SAFEGUARD TO ASSURE THAT RISK OF PHYSICAL  
DIVERSION WILL BE SMALL. US POSITION ON DROPPING  
MONTHLY REQUIREMENT FOR SMALLER SYSTEM WILL BE AVAILABLE  
PRIOR TO FOURTH ROUND COCOM LIST REVIEW.

6) RE LENGTH OF EASTERN CATCH-UP PERIOD (PARA 3, REF A).  
HISTORY OF COMPUTER DEVELOPMENT IN EASTERN COUNTRIES  
WOULD INDICATE THAT WESTERN ESTIMATES ALWAYS TEND TO BE  
OPTIMISTIC WHEN ASSESSING SOVIET BLOC PROGRESS. ON  
PERIPHERAL MEMORIES, SOVIETS HAD ABILITY IN 1968 TO  
BUILD MAGNETIC DRUMS INDICATING ABILITY TO DEVELOP  
MAGNETIC SURFACES AND HEADS. STILL FROM 1968 WHEN  
DECISION TO GO AHEAD WITH RYAD COMPUTERS AND 2311  
COMPATIBLE DISC DRIVES WAS MADE IT TOOK THEM 5-6 YEARS  
TO ACHIEVE 2311 PRODUCTION WITH WESTERN HELP AND  
THEIR COMPARABLE DRUM TECHNOLOGY AND THEY ARE ONLY NOW  
STARTING 2314 SINGLE DENSITY DISC DRIVE PRODUCTION. THUS  
IT TOOK 7-8 YEARS TO COVER TWO GENERATIONS OF DISC  
DRIVE TECHNOLOGY AND START PRODUCTION. 3330'S ALSO  
REPRESENTS TWO GENERATIONS OF MAGNETIC SURFACE AND  
HEAD TECHNOLOGY ADVANCE OVER THE SINGLE DENSITY 2314  
PLUS SOME NEW VERY SOPHISTICATED TECHNOLOGY IN TRACK  
FOLLOWING SERVOS TO CONTROL THE HEAD ACCESS MECHANISM.  
IT IS ANYONES GUESS WHETHER THEY CAN ACCOMPLISH THIS  
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IN SIX YEARS OR 10 YEARS. THEIR SUCCESS WILL BE A  
FUNCTION OF HOW MUCH EFFORT THEY ARE WILLING TO EXPEND  
AND HOW MUCH WESTERN HELP THEY RECEIVE. HOWEVER, THE  
POINT THAT SHOULD BE MADE IS THAT IF THEY DO ACCOMPLISH  
THIS ADVANCE IN 6 YEARS THEN THE LIST CAN BE REVISED  
REMOVING RIGHT OF ACCESS REQUIREMENT. IF THEY DO NOT  
ACCOMPLISH THIS ADVANCE THEN THE RISK OF DIVERSION WOULD  
STILL EXIST AND THE RIGHT OF ACCESS REQUIREMENT WOULD BE  
JUSTIFIED.

7) RE STATEMENT IN PARA 3, REF F (PARA 4, REF A). US  
WAS INDICATING THAT SPECIAL CIRCUMSTANCES OF TRANS-  
ACTION MAY JUSTIFY DECREASING OR DROPPING MONTHLY  
VISITATIONS AND THAT US WOULD BE WILLING TO CONSIDER  
EXCEPTION CASES WHEN STRONG CASE IS MADE. HOWEVER,

NOTE 5 PROVIDES FOR AUTOMATIC APPROVAL BASED ON SUBMITTING COUNTRY'S JUDGMENT AND ON THAT BASIS US COULD NOT ACCEPT REDUCING VISITATION. GOING FROM NOTE 5 TO EXCEPTION PROCEDURES DOES NOT PROVIDE GREATER ASSURANCES AGAINST DIVERSION; IT ONLY PROVIDES FOR SPECIAL CONSIDERATION IF THE CIRCUMSTANCES OF THE TRANSACTION ARE UNIQUE AND JUSTIFY LESSENING SAFEGUARDS.

8) RE DIFFERENCES BETWEEN MONTHLY AND QUARTERLY VISITATION (PARA 5, REF A), POINT MADE IN PARA 357 AND 359 /30 STILL VALID. POINT IS THAT NEW UNAUTHORIZED ACTIVITIES CAN GO ON IN BETWEEN VISITS UNHAMPERED AND UNDETECTED. EVEN IF IT TAKES SIX MONTHS TO INSTALL NEW PROGRAMS TO PERMIT DIVERSION OF USE, QUARTERLY VISITS WOULD MEAN ONLY ONE OR TWO VISITS PROBABLY FOR ONE DAY APIECE, DURING WHICH TIME THE UNAUTHORIZED ACTIVITIES WOULD HAVE TO CEASE. ALSO, THE VISITS WOULD BE SO INFREQUENT THAT THE WESTERN REPRESENTATIVE COULD NOT GET A GOOD PICTURE OF WHAT THE AUTHORIZED MODES OF OPERATION WERE AND HOW THEY WERE PROGRESSING. WITH MONTHLY VISITS THERE WOULD BE FIVE OR SIX OPPORTUNITIES TO DETECT DIVERSION OR CHANGES IN THE MODES OF OPERATION. THE WESTERN REPRESENTATIVES WOULD BECOME VERY MUCH MORE FAMILIAR WITH THE APPLICATIONS WHICH HE COULD NOT DO WITH ONLY QUARTERLY VISIT. THIS IS THE REASON FOR MONTHLY VISITS FOR 2 OR 3 YEARS THEN  
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QUARTERLY THEREAFTER. THAT IS, DURING THE INITIAL START-UP AND RUNNING PHASES, MONTHLY VISITS GIVES WESTERN REPRESENTATIVES THE OPPORTUNITY TO KNOW HOW FACILITY IS BEING USED FOR AUTHORIZED APPLICATIONS AND THE SYSTEM BECOMES DEDICATED TO THOSE APPLICATIONS. THEREAFTER, IF MAJOR DIVERSION WERE TO TAKE PLACE PROBABLY THE MODE OF OPERATION WOULD CHANGE AND SUPPORT WOULD NOT BE PROVIDED TO PREVIOUS CUSTOMERS. THIS SHOULD BECOME OBVIOUS EVEN WITH QUARTERLY VISITS. US DELS COMMENT ON CORE DUMPS IS NOT APPROPRIATE SINCE IT IS NOT EXPECTED THAT CORE DUMPS WOULD BE USED AT EITHER LEVEL OF VISITATION. REVIEW OF OTHER OPERATING RECORDS, E.G., ACCOUNTING AND MAINTENANCE RECORDS AND DISCUSSIONS WITH OPERATING AND PROGRAMMING PERSONNEL ARE WHAT IS CONSIDERED FOR PROVIDING ASSURANCE AGAINST DIVERSION.

9) RE USE OF 72/100 M B DISCS ON SMALLER COMPUTERS (PARA 6, REF A), (THESE DISCS ARE THE 3330-LIKE DISC DRIVES), IT IS EXPECTED THAT MORE AND MORE SUCH DISC DRIVES WILL BE USED WITH COMPUTERS IN BUSINESS-LIKE APPLICATIONS. THEY WILL PROBABLY NOT SEE WIDESPREAD USE WITH MINI-COMPUTERS IN CONTROL AND LABORATORY APPLICATION OR IN

SMALL OFFICE COMPUTERS. ALSO IT IS NOT EXPECTED THAT SMALLER MANUFACTURERS WILL BE MAKING THIS EQUIPMENT. MAJOR SYSTEM SUPPLIERS, E.G., IBM, SIEMENS, ETC. AND MAJOR OEM SUPPLIERS, MEMOREX, DATA PRODUCTS, ETC. WILL PROBABLY BE THE ONLY PRODUCERS AND THESE DRIVES WILL ONLY BE USED ON BUSINESS SYSTEMS AND LARGER SIZE SYSTEMS. USUALLY THESE SYSTEMS REPRESENT SUFFICIENT INVESTMENT AND POTENTIAL FOR GROWTH TO JUSTIFY CONTINUING VISITS FOR NORMAL SALES AND SUPPORT ACTIVITIES WHICH CAN ALSO SATISFY VISITATION REQUIREMENT. HOWEVER, AS INDICATED IN PARA 5 ABOVE, US IS CONSIDERING WHETHER MONTHLY VISITS CAN BE REDUCED TO QUARTERLY VISITS FOR SMALL COMPUTERS IF SUCH WIDESPREAD USE DEVELOPS AND THE COST OF VISITATION BECOMES EXCESSIVE IN TERMS OF THE PRICE OF A SYSTEM.

10) RE QUESTIONS ON CLARIFICATIONS, SUGGEST CALL FINKLER. KISSINGER

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## Message Attributes

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